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NEW REPORT EXAMINES PAYMENTS TO PHYSICIANS AND OTHER HEALTH CARE PRACTITIONERS FOR CARE PROVIDED TO MARYLANDERS

BALTIMORE, MD (March 18, 2003) -- A report that examines payments to physicians and other health care practitioners for care provided to privately insured Maryland residents under age 65 was released today by the Maryland Health Care Commission ("MHCC" or "Commission").

The report, *Practitioner Utilization: Trends within Privately Insured Patients, 2000-2001* is an analysis of health care claims and encounter data that most private health insurance plans serving Maryland residents submit annually to the Maryland Health Care Commission as part of the Medical Care Data Base. Among the principal findings:

- Spending grew by approximately 10 percent from 2000 to 2001. The increase was attributable to greater utilization and the higher cost of more complex provider care. On average, the report found that the rates paid by private insurers to practitioners were unchanged from 2000 to 2001. Practitioner payments have essentially been stable since 1999.
- Rates paid by private insurers in 2001 were about 98 percent of Medicare's rates. In 2000, the MHCC reported that private rates were about 104 percent of Medicare. The primary cause for the decline is the 5 percent increase in Medicare reimbursement that occurred in 2001. For visits, the average private rates were slightly below Medicare rates, while for other services, private rates were modestly to substantially higher than Medicare rates. Across the country, private payer rates range from slightly below Medicare to significantly above Medicare rates. On average, HMOs paid slightly lower rates than non-HMO products in 2001. HMO rates averaged about 96 percent of Medicare compared to 99 percent for non-HMOs.
- The largest difference between HMO and non-HMO rates was for payment of services performed by nonparticipating physicians; that is, physicians not under an HMO contract. For those physicians, HMOs paid substantially lower amounts per relative value unit (RVU) of care than did non-HMO plans. This was the focus of legislation passed in 2000 (codified in Health-General Article § 19-710.1) requiring HMOs to pay nonparticipating physicians at least 125 percent of the rate paid to participating physicians. The report found that 56 percent of payments to noncontracting physicians exceeded the 125 percent threshold compared to 45 percent in 2000.
- The study confirmed significant variation in reimbursement among physician specialties. For instance, reimbursement for emergency room physicians and certain surgical specialties was over 35 percent higher than that for pediatricians on a per RVU basis. A report focusing on the adequacy of private payer payments will be the topic of an MHCC report to the legislature in December 2003.

The complete report is available at www.mhcc.state.md.us under "New Documents."

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